

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

Chapter 11

Case No. 23-00623

Jointly Administered

PATIENT CARE OMBUDSMAN'S SECOND INTERIM REPORT

Pursuant to 11 U.S.C. § 333 of the United States Bankruptcy Code (the “**Code**”) and this court’s August 10, 2023, *Order Approving Appointment of Susan N. Goodman as Patient Care Ombudsman* [Docket No. 59] (the “**Appointment Order**”), Susan N. Goodman was appointed to serve as the Patient Care Ombudsman (“**PCO**”) in the above-referenced jointly administered cases inclusive of an acute-care community hospital and its associated medical clinics.

PCO was directed to monitor the quality of patient care provided by the Debtors and immediately report to the court any findings suggesting patient care was declining or significantly compromised. Otherwise, PCO was directed to provide reports to the court at least every sixty (60) days. Accordingly, PCO engaged in an initial site visit and filed *Patient Care Ombudsman’s First Interim Report* on September 12, 2023, at Docket No. 211. PCO comes now and files this second report summarizing continued remote engagement efforts and findings from a recent, second round of site visits.

SITE VISIT SUMMARY

PCO visited the clinics that she missed in the first round of site visits, inclusive of the primary care clinics in the rural communities of Solon, Tipton, Muskatine, West Liberty, West Branch, and Kalona. PCO also visited the specialty Urology and Cardiology clinics. Thereafter, PCO revisited various hospital departments.

PCO’s principal focus during the clinic visits was listening to feedback from patients, clinicians, and staff regarding the auction results. Overall, the feedback from these

constituencies was consistent. With a few exceptions, individuals shared their belief that they felt an Iowa-based partnership would provide a more stable path out of bankruptcy and, more importantly, for the long-term. With that said, nearly 100% of patients interviewed relayed that they doctored at both the University of Iowa Health Center (“**UIHC**”) and the Debtors’ clinics and hospital. In short, they expressed that they “have the best of both worlds” – seeking specialty care at the academic medical center and community care with the Debtors. Patients told PCO they hoped that the University would keep the community feel of Mercy, particularly the emergency department, the infusion center, and the clinics. Clinicians and staff also highlighted the critical importance of a path forward that included replacement of the current electronic health record (“EHR”).

PCO received reports of direct care and support department staff member resignations that were attributed to reaching an uncertainty tolerance limit with the auction-outcome back-and-forth that was highlighted by news outlets, prior to the sale hearing. The unit manager team continued to be particularly impacted by staffing departures, spending a great deal of time working to fill staffing gaps, up to and including personally working shifts when necessary.

PCO was alerted to a vendor coming to the hospital and removing rental equipment that was actively utilized in patient care. The debtors’ unit and executive leadership, supply chain team, and counsel quickly engaged to get interim replacement equipment in place and separately address the legal implications of this improper removal.

FINDINGS AND PLAN FORWARD

PCO did not observe material decline in the quality of patient care provided as contemplated under 11 U.S.C. § 333(b). The recent, definitive auction clarity will hopefully reduce staff departures.

With the current anticipated transition to UIHC scheduled for the end of January 2024, PCO may engage in one additional site visit in advance of the filing of a third

ombudsman report, depending on the feedback she receives with continued remote engagement with the operational and quality teams.

DATED: November 12, 2023.

By: /s/ Susan N. Goodman, RN JD

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Patient Care Ombudsman

CERTIFICATE OF SERVICE

The undersigned certifies that, under penalty of perjury, that on this November 12, 2023, the foregoing document was electronically filed with the Clerk of the Court using the Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to the parties of this case.

By: /s/ Susan N. Goodman, RN JD